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C O N F I D E N T I A L SECTION 01 OF 02 BRASILIA 000799

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SUBJECT: BRAZILIAN SENATE IN TUMULT OVER INTERNAL
IRREGULARITIES

REF: A. 07 BRASILIA 2233

[1](#)B. BRASILIA 791

Classified By: DCM Lisa Kubiske, reasons 1.4 B and D

[1](#)1. (C) Summary. The Brazilian Senate is facing some tumult over internal management irregularities, and Senate President Jose Sarney has become the target of a media-driven campaign to force him out of the presidency. President Lula spoke in defense of Sarney but did not rein in senators from the PT. Sarney is hanging on, but may be fighting for his political life and reputation. Behind the scenes there is a political struggle pitting the Workers Party and the Social Democrats against the PMDB and Democrats, who have administered the Senate for over a decade. The drama will likely continue for some time, and it is still too early to tell whether meaningful reforms will come and whether any senators or parties will suffer consequences. While we expect Sarney will weather the storm, it is fraying relations between the PT and its ally the PMDB, whose support is important in next year's presidential, congressional, and gubernatorial elections. End summary.

Administrative Irregularities in the Senate

[1](#)2. (SBU) Changes in the Senate leadership (mesa diretora) last February coincided with revelations of gross irregularities in Senate management, especially in personnel, which resulted in the removal of the long-time Director-General of the Senate, Agaciel Maia. In 14 years administering the Senate, Maia accumulated a multi-million dollar fortune and hid the value of his personal mansion by placing the title in the name of his brother, a federal deputy. Maia's deputy for personnel, Joao Carlos Zoghbi, was fired for letting his adult children live in his official apartment while lived elsewhere. It was revealed that there were over 100 Senate employees with the rank) and big salary) of "director," including some with titles such "Director of the Senate Parking Garage." Over 500 secret acts were signed to provide employment to relatives of senators, including several of Sarney's family members, give raises, create positions, and so on. Many senators may be vulnerable to charges of indirect nepotism (hiring other senators' relatives on a quid pro quo basis). Some had used official travel allowances to charter private jets; one defended himself by stating it was a common practice and not forbidden, and Senate rule experts concurred. Once the scandal broke, some of the revelations were probably leaked to protect those most under fire and broaden the net by

implicating as many senators as possible, including those calling for investigations of senators associated with the irregularities.

13. (SBU) Senators from the Brazilian Social Democracy Party (PSDB, opposition), along with senators from the PT, who had jointly tried unsuccessfully in February to elect Tiao Viana (PT-Acre) as Senate President (while the junior partner in the opposition coalition, the Democrats, supported Sarney), are pressing to bring about Senate reforms, which could result in forcing Senate President Sarney to resign the presidency. The PT and PSDB are also trying to get at the two parties that have administered the Senate for many years: the Brazilian Democratic Movement Party (PMDB, government coalition), and the Democrats (DEM, opposition) by holding the presidency and the first secretariat.

Getting at Calheiros through Sarney

14. (C) Former Senate President Renan Calheiros, a close ally of Jose Sarney, is also a target for his past malfeasance. Calheiros was forced out of the Senate presidency in a scandal in 2007 (ref A). While Sarney has been the target of the extensive media coverage, Calheiros's political enemies are aiming at Sarney to get at Calheiros, too, whom they would like to take him down a notch after he "rehabilitated" himself by becoming Senate leader of his party, which has the Senate's largest bench, with 19 of the 81 Senate seats.

Sarney on the defensive

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15. (C) On June 16 Sarney made an impassioned speech defending his own conduct, emphasizing that the Senate "crisis" is not about him, but the Senate. Sarney, a former President of Brazil (1985-90), who now represents the state of Amapa, was also twice previously President of the Senate (1995-97, 2003-2005). In his speech, he said it was inappropriate to attack him as a former President and public servant for a half a century. President Lula, then travelling in Central Asia, defended Sarney by saying a former president cannot be treated the same as a "common person." But Paulo Delgado (protect), a former five term PT federal deputy (1987-2007), told us on June 18 that Lula is an expert card player and may say one thing in public while letting PT Senators stay on Sarney's trail.

16. (C) Media have zeroed in on Sarney as the face of the "crisis." Facing unrelenting media attacks on both himself and the Senate, Sarney agreed to implement some reforms and study others. With an already poor public image, now further tarnished, the Senate faces the challenge of whether to investigate itself superficially to try to satisfy the media and the public, or delve deeply and reveal the skeletons in its management closet, which would be embarrassing and could cost some senators their seats now or in the future. According to Senate staffer Thalys Murrieta (protect), the PT would like to look deeply, but understands such a move could endanger PMDB support for the PT's plan to retain the presidency by electing Dilma Rousseff (ref B). The PSDB is under no such constraint, and could lead the charge. Murrieta said it is not an open war, and the Senate continues to function normally, but inside the Senate everyone understands this is partly a struggle between the PSDB and PT against the PMDB and DEM. Moreover, there are elements of revenge against the Sarney/Calheiros clique and an internal debate about how best to reform the Senate without damaging it too much.

Unpredictable Outcome

17. (C) The alignment of forces has the two leading

opposition parties, if not in direct competition, at least in an uncomfortable relationship with each other. The largest party in the government coalition, the PMDB, similarly lines up against the lead coalition party, the PT. The outcome of the Senate crisis is still unpredictable. Sarney is holding firm and shows no signs of resigning from the presidency. While we expect Sarney will weather the storm, it is fraying relations between the PT and its ally the PMDB, whose support is important in next year's presidential, congressional, and gubernatorial elections. The drama will likely continue for some time, and it is still too early to tell whether meaningful reforms will come and whether any senators or parties will suffer consequences.

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